

10-Year Capital Plan and Related Ballot Items
Frequently Asked Questions
Prepared by the City of Burlington
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What are “capital improvements” and “capital assets”?

A capital improvement is the addition of a permanent structural change or the restoration of some aspect of a property that will either enhance the property's overall value, increases its useful life or adapts it to a new use.

A local government's inventory of capital assets often represents its most significant investment of municipal resources. Over time, purchases of buildings, equipment, machinery and other long-term assets can result in the accumulation of tens of millions of dollars in municipal property. Like any portfolio, these assets need to be actively managed to ensure that the most value is received from this considerable investment.

Capital assets are defined as tangible or intangible assets that are used in operations and that have useful lives of more than one year, such as land and improvements to land, buildings and building improvements, vehicles, machinery, equipment, water, wastewater, and stormwater treatment and pipe systems and highway infrastructure.

What City capital assets does this plan support?

The comprehensive 10-year capital plan will support the City's fleet, facilities, roads, sidewalks, bridges, parks, IT, and Bike Path, and water mains.

Why are these needs so great now?

Over the past two years the City has conducted a thorough assessment of the current conditions of our capital assets and determined that in many cases assets were beyond their useful and/or cost efficient life. The City then hired independent professional assessors to conduct a formal assessment of our capital assets to both assess the current status of our assets, to determine what assets needed attention, and to prioritize that work.

The City also held meeting with staff who are integrally involved with our capital assets to get their assessment of condition and prioritization. The 10-year capital plan is chiefly based on these analyses, which have identified a significant backlog caused by previous lack of a comprehensive plan and resources to adequately address capital asset needs.

A number of our assets are in the serious to failed category. Delaying the work will cause discomfort to the taxpayer and ultimately cost more in the repairs to keep it running, as well as run the risk of having to replace the asset in an emergency. In many cases, failure of a particular asset could have acute implications for property or business owners (e.g. loss of water service due to a

major water main break) or longer term quality of life issues (e.g. severe potholes) and then the replacement cost of the asset.

Replacing an asset in an emergency almost always costs more both in direct costs (staff overtime) as well as social and other indirect economic costs (unplanned traffic disruption, loss to businesses etc).

How will approving this plan affect the School District's capital needs?

The School District, and not the City, is responsible to determine its capital needs. As authorized by the voters, the District continues to borrow \$2 million a year to address its capital needs. Due to the improved City credit rating, in part due to the City using the PILOT money to budget for a \$1 million surplus in Fiscal Years 16 and 17, the cost of that borrowing is less because of the lower interest rates offered by our lenders.

The School District is taking that responsibility seriously by assessing how best to utilize taxpayer dollars in the most cost efficient manner possible for any additional borrowing requests it may make. The City continues to work with the schools to determine where there may be ways to collaborate on joint facility needs, the goal of which is to reduce the amount the District needs to borrow.

What will the capital plan mean for me and my neighborhood?

The assessment and annual inspections have yielded a list of priorities over the next five years. All sections of the City will see improvements in streets and sidewalks. This work will be coordinated City-wide so as to avoid any significant street/sidewalk closures in any one area of the city at any given time.

Capital improvements will also replace aging pipes, minimizing the need for costly and inconvenient emergency repairs, will help complete the final miles of the Waterfront Bike Path, and will provide for new fire engines to respond to calls across the City of Burlington.

What exactly am I voting for on November 8?

You will be asked to vote on two bonds: the first, a \$27.5 million general obligation bond to go toward capital improvements, and the second, an \$8.4 million water revenue bond that will go specifically toward water infrastructure improvements.

The \$27.5 million general obligation bond will be drawn down incrementally between now and Fiscal Year 2021. When fully phased in, the cost to a household that owns a median priced property of \$231,500 is projected to be about \$10 a month. This bond will make up 60 percent of the necessary funding for the 10-year capital plan. The other 40 percent will be made up of non-property tax contributions, including the water revenue bond.

This \$8.4 water revenue bond will also be drawn down incrementally between now and Fiscal Year 2021 as the water investments will be coordinated with the City's street repaving work. This will cause water rates to rise about 2 percent annually and ultimately cost the average residential water

payer approximately \$2.50 a month more than they are currently paying at the same rate of consumption.

Does this have anything to do with the proposed Burlington Town Center redevelopment zoning amendment and TIF ballot items?

No, that is a separate ballot item and project.

Are property taxpayers paying for the whole 10-year capital plan?

No. 40 percent (\$15 million) of the 10-year capital plan will be funded using non-property taxpayer contributions, including an increase to the Gross Receipts for rooms and alcohol, which will pay for approximately 20 percent, contributions from Champlain College and the University of Vermont, philanthropic donations, dollars leveraged through grant funding wherever possible, and the water system bond, which will be paid for by all water users (including all tax exempt properties who use water) through the water rates.

Will my property tax and/or water rate continue to increase even with the plan in action?

The plan will allow us to change our approach to the stewardship of our assets from reactive (breakdown) to proactive (maintaining the reliability of the equipment), saving the City in downtime, overtime, and the need to expedite items, all of which can amount to hundreds of thousands of dollars. The City believes that this will ultimately save taxpayers money over the lifetime of the capital plan. Implementation of the plan is likely to have other indirect benefits such as increase in quality of life, which could improve property values and thus have a positive impact on long-term tax rates.

Will the City be able to maintain this new investment once the 10-year capital plan is complete?

The City is working on improving its Asset Management plan to ensure proper stewardship of the assets as we move beyond the scope of the 10-year plan. These improvements will involve development and implementation of more robust frameworks for the ongoing inventory of physical assets and their condition; tracking and scheduling of needed maintenance activities; and sustainable budgeting for maintenance and capital replacement based on the maintenance needs and lifecycle expectations of the asset.

This means that the City won't just expend the funds for capital replacement and then "not worry" about the asset until it fails – there will be appropriate budgeting for proactive maintenance and for eventual asset replacement at the end of its expected life.